

FIRST ORENADA MINES LIMITED

(No Personal Liability)

Annual Report

FOR THE YEAR
ENDED DECEMBER 31

_____1968_____

DIRECTORS

M. J. BOYLEN - - - - - Toronto, Ontario
DAVID W. GORDON - - - - - Toronto, Ontario
M. W. MacDOWELL - - - - - Brockville, Ontario
GORDON L. MOORE - - - - - Islington, Ontario
PHILIP E. BOYLEN - - - - - Willowdale, Ontario

OFFICERS

M. J. BOYLEN - - - - - President
M. W. MacDOWELL - - - - - Vice-President
DAVID W. GORDON - - - - - Vice-President
GORDON L. MOORE - - - - - Secretary-Treasurer
CHARLES B. BRANNIGAN - - - - - Assistant-Secretary

**TRANSFER AGENTS
AND REGISTRAR**

GUARANTY TRUST COMPANY OF CANADA

Toronto, Ontario, and Montreal, Quebec

AUDITORS

McDONALD, CURRIE & CO. - - - - - Toronto, Ontario

HEAD OFFICE

% RAYMOND CARON, Q.C.

22nd Floor, 630 Dorchester Boulevard West, Montreal 2, Quebec

EXECUTIVE OFFICE

908 - 330 Bay Street - - - - - Toronto, Ontario

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Directors' Report

To the Shareholders:

The financial statements of the Company for the fiscal year ended December 31, 1968, notes relevant thereto and the Report of the Auditors, are submitted herewith.

BOURLAMAQUE TOWNSHIP, QUEBEC

During 1968, Ducros Mines Limited, who hold a group of claims adjoining your Company in the north-central section of the property, commenced diamond drilling along the south contact of the East Sullivan syenite stock — a large semi-circular intrusive body in which the East Sullivan base metal ore body was located along the north contact. The Ducros drilling, which had been preceded by detailed Induced Potential electrical surveys, tested the weak responses obtained and found them to be caused by very extensive but low-grade copper mineralization within the contact zone between the syenite and the bordering volcanic rocks. Minor values in molybdenum and gold are also associated with the copper mineralization cut in their cores.

As this structure tends to trend westerly onto First Orenada ground where old drill holes showed scattered values in copper and gold in a similar geologic setting, it was decided to test an L-shaped area along the Ducros boundary by a similar Induced Potential survey during February and March of the current year. Results were negative but this may have been the result of the sparse nature of the disseminated mineralization or it was too deep seated to be detected by the equipment used. A joint hole along the common boundary was drilled with Ducros but the mineralization, while persistent, was too low in grade to be of economic interest.

First Orenada is sharing information with Ducros; their drilling continues to indicate widespread and continuous copper mineralization within the syenite body across widths of several hundred feet. The full implication of this mineralization is not yet completely understood but results are certainly good enough to warrant a continuation of the programme by that company. Should Ducros results dictate, a similar type of drilling programme will be recommended for First Orenada.

A group of four of the original claim-block in the northwestern corner of the property — upon which successive programmes of diamond drilling, ground geophysics, test pitting and detailed geological mapping had failed to produce results of more than passing interest — were permitted to expire when the annual rental came due in February, 1969.

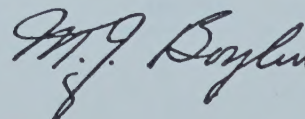
BAIE JOHAN BEETZ AREA — DUPLESSIS COUNTY, QUEBEC

No ground work was carried out on the group of uranium claims at Lac Turgeon in the Baie Johan Beetz area. An airborne magnetometer survey, in conjunction with associated companies, was performed during the 1968 field season. As these claims appear to be off the main uranium-bearing structure and the fact that the airborne magnetometer survey failed to produce anomalies of interest, they will be permitted to lapse on their next renewal date.

VICTORIA ISLAND, N.W.T.

First Orenada has a 15% interest in 1,080 claims near Minto Inlet on Victoria Island some 300 miles north of the Arctic Circle. These claims were staked to cover a copper-bearing structure identical in age and appearance to the copper formations of the famous Michigan Keeweenaw Peninsula. Initial exploration carried out during the short 1968 field season confirmed the presence of native copper and high-grade copper sulphide minerals with some associated gold and silver values occurring as frost-heaved material having wide areal distribution. These "floats" are believed to be frost-heaved material rather than of glacially transported origin. Further work on the claims is planned for the 1969 season. The initial crew is now on the property and will be reinforced as required. The claims are presently in good standing until 1970.

On behalf of the Board of Directors,



Toronto, Ontario,
May 5, 1969.

President.

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM
COOPERS & LYBRAND

TELEPHONE 366-2551
120 ADELAIDE STREET WEST
TORONTO 1, CANADA

February 28, 1969

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of First Orenada Mines Limited (No personal liability) as at December 31, 1968 and the statements of deficit, deferred expenditures and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MCDONALD, CURRIE & CO.,
Chartered Accountants.

FIRST ORENADA MINES LIMITED

(No Personal Liability)

Balance Sheet as at December 31, 1968

ASSETS		1968	1967
		\$	\$
Current assets			
Cash and short-term deposits		88,224	8,727
Accounts receivable		5,728	8,991
		<u>93,952</u>	<u>17,718</u>
Investments in and advances to other mining companies (note 1)		31,829	50,071
Mining Properties — at cost (notes 2 and 3),			
consideration being shares equivalent to 250,000 shares of capital stock as			
presently constituted together with \$611 in cash		61,422	50,611
Deferred Expenditures — at cost (note 3)		396,588	366,697
		<u>583,791</u>	<u>485,097</u>

LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>977</u>	<u>785</u>

SHAREHOLDERS' EQUITY			
Capital stock (note 4)			
Authorized —			
5,000,000 shares of the par value of \$1 each			
Issued and fully paid —			
1,680,011 shares		1,680,011	1,187,500
Discount on shares		1,331,100	937,091
		<u>348,911</u>	<u>250,409</u>
Contributed Surplus — arising on the reorganization of capital		526,227	526,227
		<u>875,138</u>	<u>776,636</u>
Deficit		292,324	292,324
		<u>582,814</u>	<u>484,312</u>
		<u>583,791</u>	<u>485,097</u>

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

FIRST ORENADA MINES LIMITED

(No Personal Liability)

Notes to Financial Statements FOR THE YEAR ENDED DECEMBER 31, 1968

1. Investments in and advances to other mining companies:

	Shares		Advances
	Cost	Market Value	
	\$	\$	\$
Captain Mines Limited			
16,000 shares	1,943	2,560	—
Wesley Mines Limited			
55,000 shares	5,500	825	17,379
Northern Canada Mines Limited			
3,000 shares	7,007	2,670	—
	<u>14,450</u>	<u>6,055</u>	<u>17,379</u>

2. Mining properties:

These consist of:

- (a) A group of 51 claims located in the Laurentides Mining Division, Township of Bourlamaque, Quebec.
- (b) A group of 15 claims located in the Johan Beetz Area, District of Duplessie, Quebec.
- (c) A 15% interest in 1,080 mineral claims in the Victoria Island Area of the Northwest Territories was acquired during 1968 for a consideration of \$10,811.

3. The amounts shown for mining properties and deferred expenditures represent costs to date and are not intended to reflect present or future values.
4. Since its incorporation on November 21, 1938 the company has issued the following shares:

	Number shares	Par value \$	Discount \$	Net \$
For cash	1,326,288	1,326,288	1,002,156	324,132
For services	41,223	41,223	35,194	6,029
For mining claims	312,500	312,500	293,750	18,750
	<u>1,680,011</u>	<u>1,680,011</u>	<u>1,331,100</u>	<u>348,911</u>

During the year, 492,511 shares were issued for cash of \$98,502.

5. The aggregate direct remuneration paid or payable to directors and senior officers (as defined by the Ontario Securities Act, 1966) amounted to \$3,800.

Statement of Deficit FOR THE YEAR ENDED DECEMBER 31, 1968

	1968 \$	1967 \$
Balance — beginning of year	292,324	202,409
Loss on sale of securities	—	70,720
	<u>292,324</u>	<u>273,129</u>
Option on Parish of Bathurst claims abandoned		
Option payment	—	7,500
Exploration expenditures thereon	—	11,695
	<u>—</u>	<u>19,195</u>
Balance — end of year	<u>292,324</u>	<u>292,324</u>

FIRST ORENADA MINES LIMITED

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Statement of Deferred Expenditures

FOR THE YEAR ENDED DECEMBER 31, 1968

	1968 \$	1967 \$
Balance — beginning of year	366,697	368,667
Exploration		
Surface exploration	10,253	1,114
Assaying	14	—
Maps and blueprints	154	70
Mining licences	1,798	1,649
Surveys	1,124	—
Travel expense — mine	—	290
Camp and cookery	—	346
	<u>13,343</u>	<u>3,469</u>
Deduct:		
Amount written off on abandonment of options	—	11,695
	<u>13,343</u>	<u>(8,226)</u>
Administrative and general		
Advertising	101	78
Legal and audit	3,546	450
Interest and bank charges	2	—
Head office expense	3,712	2,700
Postage and office supplies	1,539	546
General expense	133	11
Security registration fees	770	220
Telephone and telegraph	144	69
Transfer agent and registrar fees	3,247	772
Travel expenses	157	121
Capital and place of business tax	85	35
Shareholders' reports	1,278	582
Directors' fees	1,800	700
Executive salary	2,000	—
	<u>18,514</u>	<u>6,284</u>
Interest earned	1,966	28
	<u>16,548</u>	<u>6,256</u>
Balance — end of year	<u>396,588</u>	<u>366,697</u>

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Statement of Source and Use of Funds

FOR THE YEAR ENDED DECEMBER 31, 1968

	1968 \$	1967 \$
Source of funds		
Proceeds from sale of shares	98,502	—
Repayment of long-term advance	18,585	—
Proceeds from sale of securities	—	21,291
Proceeds from sale of Government of Canada bond	—	889
	<u>117,087</u>	<u>22,180</u>
Use of funds		
Deferred expenditures	29,891	9,725
Purchase of mining properties	10,811	496
Purchase of shares — Captain Mines Limited	343	—
	<u>41,045</u>	<u>10,221</u>
Increase in working capital	76,042	11,959
Working capital — beginning of year	16,933	4,974
Working capital — end of year	<u>92,975</u>	<u>16,933</u>